

Overview of FY 2010 Recommended Budget Bay County, Michigan

Prepared by:

Thomas L. Hickner
Bay County Executive

Amanda L. Brown
Finance Officer

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2010
STRATEGIC PRIORITIES
COUNTY OF BAY

Quality Taxpayer Services

Strong Financial Management

A Productive Workforce

An Improving Quality of Life

Excellent Communication

FY 2010 Budget Highlights

A balanced budget was submitted by the statutory deadline.

The levied tax rate (5.7257 mills) for general fund operations will not increase.

The county's tax base, as measured by "total county taxable value," is projected to increase by \$23 million, from \$3.152 billion in 2008 to \$3.175 billion in 2009, a .79% increase.

New construction in 2009 increased taxable property values by \$68.2 million.

Total county spending from **all** funds: \$119.0 million.

Overall **General Fund** expenditures will **decrease** by 1.3% (\$429,248) from the projected FY 2009 adjusted budget, from \$34.0 million to \$33.6 million.

Total property tax revenues to the **General Fund** are projected to equal \$17.4 million, which represents approximately 51.7% of the overall budget.

As of 1-1-2009, General Fund and Budget Stabilization Fund unreserved/undesignated fund balances equaled \$6.6 million. 19.5% of the 2009 adjusted budget, which is an increase of \$2,180,789 or 48.72%.

**General Fund Unrestricted/Undesignated
Fund Balance Plus Budget Stabilization Fund
FY 1993 to FY 2008**

Fiscal Year -----	Fund Balance -----
1993	\$2,040,581
1994	2,748,256
1995	3,449,843
1996	3,181,967
1997	2,777,218
1998	2,359,218
1999	3,129,398
2000	3,063,300
2001	2,785,011
2002	3,463,397
2003	2,638,578
2004	3,247,167
2005	3,414,035
2006	4,095,915
2007	4,476,324
2008	6,655,217

FY 1993 to FY 2008 increase: \$4,614,636 (226.1%).

FY 2008 Combined fund balance equal to 19.8%
of projected FY 2010 expenditures.

Major Revenue Sources

Total Revenues	\$33,637,227
Property Taxes	\$17,400,035
Charges for Services	\$ 2,932,600
State Grants	\$ 2,159,746
Revenue Sharing Reserve Fund	\$ 1,874,454
Federal Grants	\$ 1,856,688
Transfer in 100% Tax Collection	\$ 853,431
Fines & Forfeitures	\$ 551,000
State Revenue Sharing State Payment	\$ 338,849
Investment Income	\$ 140,700

State Revenue Sharing Payment FY 2000 to FY 2010

	SRS Payments	SRSR TRFS To Gen. Fund
FY 2000	\$2,174,910	
FY 2001	\$2,096,130	
FY 2002	\$2,032,488	
FY 2003	\$1,792,565	
FY 2004	\$ 656,680	\$1,512,106*
FY 2005	\$ -0-	\$2,146,995*
FY 2006	\$ -0-	\$2,015,599
FY 2007	\$ -0-	\$1,926,006
FY 2008	\$ -0-	\$1,407,719
FY 2009	\$ -0-	\$1,924,909
FY 2010	\$ 338,849	\$1,874,454

*An additional \$159,511 was transferred to the Mosquito Control, 911 Central Dispatch, Division on Aging, Medical Care Facility, Historical Preservation and Library System funds in 2004 and 2005 bringing the total transferred to \$1,671,616 and \$2,306,506 respectively.

Key Revenue Assumptions & Policy Recommendations

Tax Base Growth Assumptions.

We assume the county's taxable values for real and personal property will net a 0% increase/decrease over the taxable value identified in the Equalization Departments June 2009 letter.

State Revenue Sharing.

In 2004 State Revenue Sharing to counties was eliminated.

Counties can now draw down State Revenue Sharing payments from the new Revenue Sharing Reserve Fund which is funded by accelerated property tax payments.

Transfers from the Revenue Sharing Reserve Fund in 2010, exclusive of the Single Business Tax transfer, will be \$1,874,454.

Projected in the 2010 budget, Bay County will have utilized all funds in the State Revenue Sharing Reserve and will begin to receive payments directly from the State. The Bay County State Revenue Sharing payment is expected to be \$338,849.

The total Revenue Sharing transfer for 2010 is \$2,213,308, which is \$288,394 greater than the FY 2009 transfer.

Delinquent Tax Fund.

The \$853,431 transfer from the Delinquent Tax Fund (D.T.F.) is a 14.4% decrease of \$143,944 over the 2009 transfer of \$997,375.

Investment Income.

FY 2010 estimated investment income will decrease \$862,866 (86.0%) from FY 2000 levels and decrease \$142,000 (50.2%) from 2009 estimate.

FY 2000: \$1,003,566 Actual
FY 2009: \$ 283,000 budgeted
FY 2010: \$ 140,700 projected

Indirect Cost Transfer to the General Fund.

Down .03% (\$43,368) from FY 2009 levels.

FY 2009: \$1,604,523
FY 2010: \$1,561,155

Register of Deeds Recording Fees.

Register of Deeds is projecting a decrease of \$60,000 (32%) in Transfer Tax Stamps to \$125,000 from the 2009 budget of \$185,000.

District Court Fine and Costs.

Bond Forfeitures and Costs decreased \$25,000 (50%) to \$25,000 from the 2009 budget of \$50,000. Ordinance Fines and Cost decreased \$85,000 (41%) to \$120,000 from the 2009 budget of \$205,000. Statute Cost decreased \$260,000 (39%) to \$440,000 from the 2009 budget of \$660,000. However, projected FY 2009 fees are consistent with the above 2010 budget.

Net FY 2010 General Fund Spending Selected Departments*

Sheriff(All activities)	\$5,608,237
Probate Court & Child Care Fund	\$2,170,173
Prosecuting Attorney	\$1,619,821
Criminal Legal Defense	\$1,039,458
Circuit Court & Jury	\$1,175,528
Friend of the Court	\$ 490,740
Animal Control	\$ 374,920
Community Center/Pool	\$ 106,898
Parks Maintenance	\$ 135,191

* Net cost to the general fund after revenues taken into account.

Key Expenditure Assumptions & Policy Recommendations

Personnel Services.

In FY 2010 \$20.5 million of the total general fund budget is allocated for wages, health insurance, and related direct employee expenses. Spending will decrease 1.1% (\$225,949) over FY 2009 budgeted levels of \$20.7 million.

Total county employment from June, 2002 to June, 2009 is down 11.01%, from 708 employees to 630 employees, a reduction of 78 positions.

Employer Health Insurance.

Health insurance costs for active employees from **all funds** will increase from of \$7.7 million in 2009 to \$8.1 million in 2010, a projected increase of 5.3%.

General fund costs are projected to increase 8.9% (\$235,448) over FY 2009 levels, from \$2,619,927 to \$2,855,375 as a result of the rates developed by the County's consultants, which are based, in part, on Blue Cross Blue Shield actuarial projections.

Enrollment increased slightly from 480 in 2007 to 488 in 2008. "Claims paid" increased 24.7% from \$3,383,642 in FY 2007 to \$4,221,744 in FY 2008 compared to a 5.2% increase from FY 2006 to FY 2007.

Retirees Health Insurance.

Total county health Insurance costs for retirees will increase 3.8% from \$1.43 million in FY 2009 to \$1.48 million in FY 2010.

General Fund retiree health insurance costs are projected to increase by \$87,401 (11.36%), from \$769,037 in FY 2009 to \$856,438 in FY 2010 as a result of the rates developed by the County's consultants, which are based, in part, on Blue Cross Blue Shield actuarial projections. In 1995, retirees health insurance was \$179,332.

Cost of Living Raises.

2010 budget includes no projected wage increases for all full time and part time employees and elected officials. Contracts for all bargaining units expired on 12-31-2008.

Employer-Employee Retirement Contributions.

Preliminarily, as of December 31, 2008 the general county group in the retirement system has a funded ratio of 122.5%. As a result, no employer contributions to the pension system are anticipated for 2009, but the projected 2010 budget includes a 1% employer contribution for the General County group.

Over the last thirteen years **employer** contributions have not had to be made to the pension system because of it's over-funded status. Future contributions will be directly influenced by the system's return on investment.

V.E.B.A.

In 2001 the county began to make contributions to a V.E.B.A in order to begin to set aside funds **today** to help pay for **future** retiree health insurance costs. Since 2001, over \$6.53 million in contributions have been made to the fund. The 2010 budget includes contributions only from the Sheriff Group. The Sheriff Group continues to divert the 4% contributions from the retirement system to the V.E.B.A. since it's currently over the funding level of 125%.

Aging & Health Services.

Financial support for a broad range of services to our older residents will continue, including our home based personal care services program.

The Bay-Arenac Behavioral Health Authority agency will continue to receive an appropriation of \$682,242.

Liability Insurance.

Under General Fund no increase from the FY 2009 level of \$491,670 is expected in FY 2010.

Recreation.

Summer recreation programs, operated and financed in cooperation with local schools and community organizations will be funded at the same level as 2007. The programs are partially funded by fees charged to summer participants.

Homeland Security.

The 2010 Budget includes grant funded homeland security expenditures of \$268,955, which is a decrease from FY2009 of \$234,000.

Technology.

General Fund investment in computer hardware has \$20,000 budgeted for contingency and \$12,900 is budgeted for department requests. \$20,000 is budgeted for disk drivers for Cherry Lan expansion (Prosecutor and Probate modules).

The budgeted computer software expense has \$20,000 for contingency and \$1,400 of software requests from departments, \$24,985 Equalization property-based net system, \$25,000 for Clerk's office record retention system and \$10,600 for miscellaneous software for Region 3-LETPP 2008-2010.

\$15,000 is included for further Web Page expansion.

Buildings & Grounds/Capital Expenditures.

An additional \$381,435 in maintenance and capital expenditures, exclusive of technology purchases, are budgeted in the General Fund. These funds will support:

1. \$85,000 for road patrol vehicles, \$30,000 to replace 17 year old 4x4 with plow and \$10,000 for used vehicle for ISD.
2. \$61,135 in ongoing maintenance of existing county facilities will continue, based on our rolling five-year preventive maintenance investment strategy.
3. \$31,600 for Region 3 SHSGP (426.18), LETPP (426.19) grant purchases and (426.20) Citizen Corp Council for year 2007.
4. \$36,000 for replacing the wooden floor in the Community Center, \$40,000 to replace chiller in County Building, \$45,000 LEC parking lot repair, \$8,850 for 6 additional campgrounds at Pinconning Park,

\$10,000 for Civic Arena to install Zamboni doors, \$19,200 to install energy efficient lights at the Civic Arena and \$4,650 for new carpet at the Civic Arena.

Transfers Out to Other Funds.

FY 2010 Budget includes the following changes to transfers from the General Fund:

- LEC Bonds Paid Off in 2009, a reduction of (\$459,000)
- Animal Control Paid Off in 2009, a reduction of (\$148,000)
- Health Department increase of \$206,000 (19%) for a total of \$1,314,359 (2008 Year End – Health Dept. had a negative undesignated fund balance)
- Juvenile Home increase of \$239,000 (82%) for a total of \$529,550 (In 2009 Juvenile Home used their fund balance of \$250,000)

Community and Economic Development.

Continued financial support (\$50,000) to Bay Future for county-wide economic development efforts.

An additional \$25,000 is included for a specific business expansion/attraction effort.

In the first quarter of 2010 it is requested that the Bay Future Board recommend a specific proposal to the Board of Commissioners on how these additional funds will be invested. Board approval will be required before these funds will be spent.

Implications of a Low Growth in County Tax Base

From 2001 to 2009, statewide taxable property values grew by an average of 4.42% annually.

Bay County's taxable property values from 2001 to 2009 increased an average of 3.74% annually.

If only Bay County's taxable real property tax base had increased at the statewide average, 2009 real property tax revenues would have been \$607,144 higher.